

House of Representatives, April 16, 1998. The Committee on Appropriations reported through REP. DYSON, 94th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE PROPERTY TAX EXEMPTION OF CERTAIN COMMERCIAL MOTOR VEHICLES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (74) of section 12-81  
2 of the general statutes, as amended by section 5  
3 of public act 97-282, is repealed and the  
4 following is substituted in lieu thereof:

5 (A) For a period not to exceed five  
6 assessment years following the assessment year in  
7 which it is purchased, any new commercial truck,  
8 truck tractor, tractor and semitrailer, and  
9 vehicle used in combination therewith, which [is  
10 used exclusively to transport freight for hire and  
11 (i) is either subject to the jurisdiction of the  
12 United States Department of Transportation  
13 pursuant to Chapter 135 of Title 49, United States  
14 Code, or any successor thereto, or would otherwise  
15 be subject to said jurisdiction except for the  
16 fact that the vehicle is used exclusively in  
17 intrastate commerce; (ii)] has a gross vehicle  
18 weight rating in excess of twenty-six thousand  
19 pounds. [; and (iii) prior to August 1, 1996, was  
20 not registered in this state or in any other  
21 jurisdiction but was registered in this state on  
22 or after said date.] As used in this subdivision,

23 "gross vehicle weight rating" shall have the same  
24 meaning as in section 14-1, AS AMENDED;

25 (B) Any person who on October first in any  
26 year holds title to or is the registrant of a  
27 vehicle for which he intends to claim the  
28 exemption provided in this subdivision shall file  
29 with the assessor or board of assessors in the  
30 municipality in which the vehicle is subject to  
31 property taxation, on or before the first day of  
32 November in such year, a written application  
33 claiming such exemption on a form prescribed by  
34 the Secretary of the Office of Policy and  
35 Management. Such person shall include information  
36 as to the make, model, year and vehicle  
37 identification number of each such vehicle, and  
38 any appurtenances attached thereto, in such  
39 application. The person holding title to or the  
40 registrant of such vehicle for which exemption is  
41 claimed shall furnish the assessor or board of  
42 assessors with such supporting documentation as  
43 said secretary may require, including, but not  
44 limited to, evidence of vehicle use, acquisition  
45 cost and registration. With respect to any vehicle  
46 for which the exemption under this subdivision has  
47 previously been claimed, the person shall also  
48 include information as to any modifications made  
49 to the vehicle subsequent to the assessment date  
50 with respect to which said exemption was  
51 previously claimed. Failure to file such  
52 application in this manner and form within the  
53 time limit prescribed shall constitute a waiver of  
54 the right to such exemption for such assessment  
55 year, unless an extension of time is allowed as  
56 provided in section 12-81k, AS AMENDED;

57 (C) With respect to any vehicle which is not  
58 registered on the first day of October in any  
59 assessment year and which is registered subsequent  
60 to said first day of October but prior to the  
61 first day of August in such assessment year, the  
62 value of such vehicle for property tax exemption  
63 purposes shall be a pro rata portion of the value  
64 determined in accordance with subparagraph (D) of  
65 this subdivision, to be determined by a ratio, the  
66 numerator of which shall be the number of months  
67 from the date of such registration, including the  
68 month in which registration occurs, to the first  
69 day of October next succeeding and the denominator  
70 of which shall be twelve. For purposes of this

71 subdivision the term "assessment year" means the  
72 period of twelve full months commencing with  
73 October first each year;

74 (D) Notwithstanding the provisions of section  
75 12-71d, the assessor or board of assessors shall  
76 determine the value for each vehicle with respect  
77 to which a claim for exemption under this  
78 subdivision is approved, based on the vehicle's  
79 cost of acquisition, including costs related to  
80 the modification of such vehicle, adjusted for  
81 depreciation in accordance with the schedule set  
82 forth in section 12-94c.

83 Sec. 2. This act shall take effect August 1,  
84 1998, and be applicable to assessment years  
85 commencing on or after October 1, 1998.

86 APP COMMITTEE VOTE: YEA 40 NAY 9 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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**FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5664**

STATE IMPACT	Future Cost, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Office of Policy and Management (OPM)

**EXPLANATION OF ESTIMATES:**

STATE IMPACT: The bill exempts new commercial motor vehicles with gross vehicle weight ratings over 26,000 lbs. from property tax. Municipalities are reimbursed for the associated loss in revenue through the Payment in Lieu of Taxes (PILOT) program pursuant to CGS 12-94b. As the bill is applicable to the 1998 Grand List, state costs would be incurred beginning in FY 1999-00.

While data on the property taxes associated with these vehicles is not readily available, Department of Motor Vehicle records for 1997 indicate 563 new registered commercial vehicles over 26,000 lbs. This number includes vehicles for hire that already qualify for the exemption. Adjusting for this category of vehicles, and using a statewide average Mill Rate with an average retail value for vehicles and trailers, the first year costs associated with this exemption range from \$500,000 to \$700,000. The cost of the exemption will increase each year for five years as additional vehicles are added to the group already receiving the exemption. To the extent that this exemption results in an increase in new vehicles registered in Connecticut, the state cost associated with the municipal reimbursement will increase by an amount that cannot be determined.

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**OFA BILL ANALYSIS**

sHB 5664

**AN ACT CONCERNING THE PROPERTY TAX EXEMPTION OF CERTAIN  
COMMERCIAL MOTOR VEHICLES**

**SUMMARY:** The bill expands the new commercial vehicles over 26,000 lbs that qualify for a municipal property tax exemption. Under current law only new vehicles used exclusively to transport freight for hire qualify for the exemption. The bill removes the language limiting the exemption to commercial motor vehicles for hire and makes any new commercial truck, truck tractor, tractor and semitrailer and vehicle used in combination with a gross vehicle weight rating in excess of 26,000 lbs. exempt from property taxation for a period not to exceed five assessment years.

Municipalities are reimbursed for the loss in property tax that results through this exemption by the Payment In Lieu of Taxes (PILOT) on New Manufacturing Machinery and Equipment and Commercial Motor Vehicles.

**EFFECTIVE DATE:** August 1, 1998, applicable to assessment years commencing on or after October 1, 1998.

**BACKGROUND:** Public Act 96-265 created a new property tax exemption for new commercial motor vehicles used exclusively 'for hire'. The exemption is available for five assessment years following the assessment year in which the vehicle is purchased. The Office of Policy and Management (OPM) administers this grant program in its Intergovernmental Policy Division. OPM's guidelines concerning the new commercial motor vehicle exemption, which was distributed to all Connecticut assessors, states that the vehicle must "be new, meaning the vehicle's equitable or legal title has never been transferred by a manufacturer, distributor, or dealer to anyone other than the owner making the application."

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable Substitute  
Yea 40 Nay 9